

MBHASHE LOCAL MUNICIPALITY

ADDRESS BY THE MAYOR ON THE PRESENTATION OF THE DRAFT IDP/BUDGET 2012/13

Madam Speaker, Ah Zwelonke! Members of EXCO; Chiefs and traditional leadership; Councillors; Acting Municipal Manager and the Management; Ward Committees and CDWs; distinguished guests and the members of the public; comrades and friends.

INTRODUCTION

This Special Council is set aside specifically for the presentation and discussion of the 2012/13 FINAL IDP/BUDGET that is so special for a number of reasons, namely:-

- It marks the beginning of yet another term of the Council
- Truly aligned IDP with the Budget or fully financed IDP
- Substantially increased budget
- It marks the end of an interestingly eventful term of this Council

Both the Municipal Finance Management Act (MFMA) and the Municipal Systems Act enjoins the Mayor, as part of the municipal planning and budgeting process, to table the draft IDP/Budget to Council even before starting to engage the communities and other stakeholders on the product.

There was temptation to just present the programme as contained in the IDP and the associated budget. On a second thought, reading out the programmes and the budget figures may be meaningless without analysing the trends and the impact such allocations are likely to cause, hence this input.

BASIS FOR OUR PLANNING AND BUDGETING

All local government strategic tools like The Local Government five year strategic agenda and the Local Government turnaround strategy (LGTAS), have something in common in detailing the work that needs to be done at a local government level. All these strategic documents outline five (5) key performance areas (KPA's) for local government as follows:-

- The municipal transformation and organisational development
- The Local Economic Development
- Basic service delivery and Infrastructure Investment
- Municipal financial viability and Management
- Good governance and Public Participation

The local government planning and allocation of resources should always be guided by the above KPAs.

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

With the increase in the size of our Municipality and hopefully its grading, we have seen an unprecedented increase of R17m which translates into 10% of the total revenue, from R181m to R199m from the previous financial year. What is worrying though is the fact that our Municipality is dependent on grant funding with little revenue generated internally in the form of service charges and rates. A meagre R5m, which includes rates and service charges and translates to 2% of the total revenue, is anticipated to be collected in the next financial year.

The EXCO has taken a resolution that the management should explore a possibility of appointing a service provider who is going to assist the Municipality in raising additional revenue for special projects like ward offices, office space and any other special projects the Council may think of. If successful, which we hope we are going to be, our revenue is likely to further increase.

We are further suggesting an allocation of R12m to the Finance department to deal with issues of clean audit, financial viability, verification of the market values of our assets and updated assets register and the required prudence in management of our finances. As part of the grand plan, we have made provision in our budget to clean our customer base and improve in the issuing and accuracy of the account statements. The previous financial year has reflected a surprisingly high collection rate in the traffic department but disappointingly, yet understandable low collection rate in the refuse.

So far, we have concentrated on the alternative energy, namely paraffin and illuminating gel as a form of indigent support. In the coming financial year, we want to increase our support to include provision of free basic electricity, gas and refuse removal to the deserving households.

BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT

Our areas are faced with untold suffering in as far as issues of access to basic services like water, sanitation services, municipal road network and local amenities are concerned.

Of the total budget, not less than 60% is going to be used in the infrastructure and hard-core service delivery. This amount excludes a substantial amount budgeted for the water services by the water service authority, Amathole District Municipality in our area. Unfortunately, ADM was not part of our Representative Forum meeting of the 11 March and as such their projects within our area could not be included in this presentation. We can commit that as we move towards the finalisation of the planning process, ADM and any other planned projects by other organs of state are going to be included.

The Willowvale and Elliotdale are lagging behind in the electrification programme as alluded to by ESKOM in the workshop of ward Councillors. To that end, an amount of R15m has been earmarked for the coming financial year for the upgrade of the network to supply further villages with electricity.

Another area of improvement is the refuse collection and management. This is the core service of our Municipality and a reflection of whether we have the capacity to deliver or not. Although this service affects only urban centres of our Municipality, it hurts where it matters most – the main and single source of internal revenue – the business and ratepayers. We want to argue that the low revenue collection in this service may not necessarily be a financial matter but a service delivery issue. In our draft IDP/BUDGET, we have made provisions for the improved waste management and doing away with the casual workers.

LOCAL ECONOMIC DEVELOPMENT (LED)

In the past, we have been engaged in unsustainable programmes of giving out planting inputs like fertilizers, seeds etc. LED experts and practitioners agree that whilst such a programme may be exciting with immediate satisfaction on the part of the recipients, it is doing very little to improve the lot of our people. They will forever be dependent on the state for survival.

We are proposing a major shift from these hand-outs to a more sustainable LED programmes. We have developed some working relations with one of our critical partners in the agricultural development, namely ASGISA. A memorandum of understanding (MOU), detailing the terms and conditions of our engagement, between these two institutions is going to be signed soon, thereby cementing a solid relationship on the maize production, we are proposing to engage ASGISA in expanding their programmes in our area. In the meeting we had with the Department of Rural Development and Agrarian Reform and the farming community

of Mbhashe, there was agreement in making the emerging farmers to contribute towards their stock remedies at a rate of R10 per cow and R2 per sheep or goat.

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

In the 2010/11 audit results, the Auditor General (AG) the municipality has improved the audit opinion from disclaimer to qualified report. We are committing in this house today that we are not going to spare any effort in ensuring that we will find an unqualified audit opinion. To this end, an elaborate action plan (TURNAROUND STRATEGY) has been developed and is going to be part of the final IDP. In this budget, we have made provision for the development of the policies and systems, as raised by the AG.

Of critical importance is the transformation of the institution to accommodate people with disabilities and have support programmes for all the vulnerable groupings. To this end, we are proposing a process of mainstreaming the all the special programmes and an item is going to be presented to the ordinary Council of 30 May 2012, detailing the plan going forward. We have further set aside some financial resources towards assisting these vulnerable groupings in developing their policies and the structures for operational purposes.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

This KPA includes areas like public participation, Intergovernmental Relations (IGR), Moral Regeneration Movement (MRM), internal and external communication, smooth operations of the structures of the Council including the EXCO and proper record keeping for the official meetings.

In our IDP/BUDGET for 2012/13, we have developed and financed the relevant strategies and objectives to deal with any shortcoming regarding all the issues above..

Before the end of this meeting, we shall circulate for your consideration a detailed programme of public consultation with regard to the 2012/13 IDP/BUDGET. We are open to suggestions and guidance of the Council as to how best we can conduct this important activity so that we reap the best results ever.

It is worth noting that in the 2012/13 financial year, we have set aside not less than R4m for the reimbursement of the out of pocket expenses and training of ward committees, compared with less than R0.4m budgeted for this purpose in the previous financial year. This has been necessitated by the increase in the number of the wards from 26 to 31 and the provisions of the government gazette on the

payment of stipends for the ward committees. I am reliably told that an item, dealing with this matter, is being processed for the attention of the Council.

CONCLUSION

As we conclude, we wish to remind the members of the Council and the public that ours today is not to account on the performance of the Municipality for the past financial year but to merely present the draft IDP/BUDGET so that the public and other stakeholders can be engaged on something known to the Council. Needless to say, after the public and stakeholder consultation, we are going to process and incorporate their views in the final draft that will be presented to this Council towards the end of April for adoption.

We want to invite the members of this Council and the public in general to fully participate in the process and constructively critique these documents with the sole aim of emerging with a final IDP/BUDGET that is fully owned by all of us.

All we can do now is to commit that all the views raised in the process of consultation shall be seriously considered, and if needs be, be incorporated in the final document.

Amandla!

EXECUTIVE SUMMARY

The development of the budget is informed by the key service delivery priorities as reflected in the IDP and the need to maintain the municipality's financial sustainability. This budget is also in line with the National, Provincial and also District priorities. We were also guided by the National Treasury's MFMA Circulars 58 and 59.

The objective of the IDP/Budget process plan is to integrate the two documents. The IDP as the strategic document and the budget must enable the achievements of the IDP objectives. There must always be a link between the IDP and the projects that are funded in the annual budget.

During the preparation of the 2012/13 MTERF, the municipality had to deal with the following challenges:

- Low revenue base
- Infrastructure backlogs causing difficulties in prioritising projects within the financial affordability of the budget.
- Approval of the new Organisational Structure with critical and prioritised positions.

The budget comprises both the operating and capital budgets as per the requirement of the MFMA. The capital budget consist mainly of Municipal Infrastructure Grant (MIG) funded projects and the Electrification programme in order to address infrastructure backlogs. The operating budget which is by far the largest component of the budget, includes LED projects, Community services projects, Corporate services and Finance projects. After the draft budget has been approved the municipality will conduct a consultation process in all wards.

CONSOLIDATED OVERVIEW OF MTERF

EC121 Mbhashe – Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	R e f	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Revenue By Source</u>											
Property rates	2	1,484	1,573	2,286	4,008	–	4,008	4,008	5,534	5,833	6,159
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	265	281	38	433	–	433	433	457	482	508
Service charges – other											
Rental of facilities and equipment		186	468		773				819	866	917
Interest earned - external investments		2,111	1,984		63				1,000	1,060	1,124
Interest earned - outstanding debtors		2									
Dividends received											
Fines		26	502		558				602	634	670
Licences and permits		–	300		1,000				1,500	1,581	1,670
Agency services											
Transfers recognised – operational		51,556	65,242		108,568				124,513	132,559	144,178
Other revenue	2	7,065	6,145	10,513	12,255	–	12,255	12,255	10,353	10,863	11,328
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		62,695	76,494	12,836	127,658	–	16,696	16,696	144,777	153,878	166,554

Expenditure By Type	-										
Employee related costs	2	20,515	25,373	-	36,497	-	36,497	36,497	53,153	58,025	63,348
Remuneration of councilors		9,291	12,920		50,414				17,874	18,768	19,706
Debt impairment	3										
Depreciation & asset impairment	2	3,974	2,544	-	-	-	-	-	-	-	-
Finance charges											
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants	4	-	18,449	9,634	9,634	-	9,634	9,634	16,347	17,230	18,195
Other expenditure	5	34,085	5,494	-	-	-	-	-	64,950	69,684	73,922
Loss on disposal of PPE											
Total Expenditure		67,865	64,781	9,634	96,545	-	46,131	46,131	152,325	163,708	175,172
Surplus/(Deficit)		(5,170)	11,713	3,202	31,113	-	(29,435)	(29,435)	(7,547)	(9,830)	(8,618)
Transfers recognised – capital		19,241	33,438		53,489				54,800	59,984	64,411
Contributions recognised – capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		1,815	2,661						61,221	61,460	65,924
Surplus/(Deficit) after capital transfers & contributions		15,885	47,812	3,202	84,602	-	(29,435)	(29,435)	108,473	111,614	121,717
Taxation											
Surplus/(Deficit) after taxation		15,885	47,812	3,202	84,602	-	(29,435)	(29,435)	108,473	111,614	121,717
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		15,885	47,812	3,202	84,602	-	(29,435)	(29,435)	108,473	111,614	121,717
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		15,885	47,812	3,202	84,602	-	(29,435)	(29,435)	108,473	111,614	121,717

Operating Revenue has increase by 12% (R17,119) for 2012–13 financial year when compared to the 2011–12 revised budget . For the two outer years, operating revenue will increase by 6% and 8% respectively.

Total operating expenditure has increase by 37%(R55,780) for 2012–13 financial year when compared to 2011–12 revised budget and increase by 7% and 7% respectively for the two outer years.

Total capital expenditure has grown by 2% for 2012–13 when compared to 2011–12 revised budget and by 9% and 7% respectively.

Financial Assumptions used:

The municipality has used circular 59 of MFMA as a guide in CPI which is 5.6 per cent for 2012–13, 5.4 per cent and 5,6 per cent respectively. The municipality has used incremental budgeting approach using CPI; performance based budgeting approach for the projects in the departments and zero based budgeting approach. For own revenue the municipality has used the collection rate for each revenue source. For wages and salaries for employees the municipality has used 9.5% , salaries for managers has increased by 9.5% and 5% for councillors. There is an increase in employee's wages and salaries of 31 per cent for 2012–13 when compared to 2011–12 revised budget. The remuneration of councillors has decreased by 65 per cent in 2012–13 when compared to 2011–12 revised budget.

TARRIF INCREASE

MBHASHE MUNICIPALITY TARIFFS							
		2005/2006	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
No	SERVICE	Tariff R\Cents VAT Inc.	Tariff R\Cents VAT Inc.	Tariff R\CentsVAT Incl.	Tariff R\Cents VAT Incl.	Tariff R\Cents VAT Incl.	Tariff R\Cents VAT Incl
	UNIFORM TARIFFS			11.00%	5.00%	6.00%	5.00%
1	REFUSE REMOVAL						
1.1	RESIDENTIAL (Per month, one removeal a week)		R 61.95	R 68.95	R 72.40	R 76.74	R 80.58
1.1.1	Additional removal (per load or aprt thereof)		R 40.00	R 44.40	R 46.62	R 49.42	R 51.89
1.2	MEDIUM/LARGE BUSINESS (per month, five removals per week)		R 372.65	R 414.87	R 435.62	R 461.75	R 484.84
1.2.1	Additional removal (per load or aprt thereof)		R 100.00	R 111.00	R 116.55	R 123.54	R 129.72
1.3	Garden/Rubble refuse (per load)(to be paid in advance)		R 100.00	R 111.00	R 116.55	R 123.54	R 129.72
2	HIRE OF TOWN \COMMUNITY HALL						
2.1	SECURITY FEE \DAY\NIGHT		R 319.20	R 355.27	R 373.04	R 395.42	R 415.19
2.1.1	NIGHT- PROFIT MAKER		R 363.20	R 404.36	R 424.57	R 450.05	R 472.55
2.1.2	NON PROFIT MAKER		R 290.85	R 323.71	R 339.90	R 360.29	R 378.31
2.1.3	DAY PROFI MAKER		R 290.85	R 323.71	R 339.90	R 360.29	R 378.31
2.1.4	NON PROFIT MAKER		R 218.40	R 243.08	R 255.24	R 270.55	R 284.08
2.1.5	CHAIR HIRING		R 3.15	R 3.51	R 3.69	R 3.91	R 4.11

2.1.6	SECURITY FEE (CHAIRS)		R 132.30	R 147.26	R 154.62	R 163.90	R 172.09
	Hire of In-door Sport Centre (Willowvale)						
2.2	SECURITY FEE \DAYNIGHT		R 638.40	R 710.54	R 746.07	R 790.83	R 830.38
2.2.1	NIGHT- PROFIT MAKER		R 726.40	R 808.72	R 849.14	R 900.09	R 945.10
2.2.2	NON PROFIT MAKER		R 581.70	R 647.43	R 679.80	R 720.59	R 756.62
3	PROPERTY RATES						
	Rateable property a general rate per rand on total market value of the property:						
3.1	Residential Properties		R 0.02	R 0.03	R 0.02	R 0.014	R 0.015
3.2	Business Properties		R 0.02	R 0.03	R 0.02	R 0.016	R 0.017
3.3	Government Properties		R 0.02	R 0.03	R 0.03	R 0.018	R 0.019
	TOTAL INCOME PER MONTH		REBATE	REBATE	REBATE	REBATE	REBATE
3.4	NOT EXCEEDING R2100 per month (Indigent)		100%	100%	100%	100%	100%
	Any other rebates will be applied as per the municipality's rates policy						
4	COMMONAGE						
4.1	VAN LOAD		R 174.30	R 194.00	R 203.70	R 215.92	R 226.72
4.2	TREE		R 36.75	R 40.91	R 42.95	R 45.53	R 47.80
4.3	SLEDGE LOAD		R 79.80	R 88.82	R 93.26	R 98.85	R 103.80
4.4	HEAD LOAD		R 3.15	R 88.31	R 3.69	R 3.91	R 4.11

4.5	FENCING		R 1.05	R 1.25	R 1.23	R 1.30	R 1.37
4.6	BUILDING POLES		R 3.15	R 3.51	R 3.69	R 3.91	R 4.11
4.7	BRUSH		R 19.95	R 22.21	R 23.32	R 24.72	R 25.96
4.8	BUNDLE OF LATH		R 8.40	R 9.35	R 9.82	R 10.40	R 10.92
5	COMMUNITY SERVICES						
6	POUND FEES						
6.1	LARGE STOCK		R 58.80	R 65.44	R 68.72	R 72.84	R 76.49
6.2	SUSTENANCE		R 14.70	R 15.44	R 17.18	R 18.21	R 19.12
6.3	TRESPASSING		R 22.05	R 24.54	R 25.77	R 27.31	R 28.68
6.4	DRIVING PER KILOMETER		R 7.35	R 8.18	R 8.60	R 9.11	R 9.57
6.5	SMALL STOCK		R 29.40	R 32.72	R 34.35	R 36.42	R 38.24
7	STREET TRADING						
7.1	STATIONERY STREET VENDORS				R 150.00	R 157.50	R 165.38
7.2	CONTAINER HAWKER				R 250.00	R 262.50	R 275.63
7.3	ROVING HOKERS				R 150.00	R 157.50	R 165.38
7.4	SEASONAL HAWKERS				R 75.00	R 78.75	R 82.69
8	SPORTSFIELD						
8.1	Sport Events for Schools						
8.1.1	SECUTITY FEE		R	R 355.27	R	R	R

			319.20		373.04	395.42	415.19
8.1.2	RENTAL: DAY PER HOUR		R 42.00	R 46.75	R 49.09	R 52.03	R 54.64
8.2	Other Events						
8.2.1	SECURITY FEE		R 478.80	R 531.47	R 558.04	R 591.52	R 621.10
8.2.2	RENTAL: DAY PER HOUR		R 63.00	R 69.93	R 73.43	R 77.83	R 81.72
9	ADMINISTRATION FEES						
9.1	SEARCHING FEES		R 27.30	R 30.39	R 31.91	R 33.82	R 35.51
9.2	REPRINTING OF A CHEQUE			R 30.00	R 30.00	R 30.00	R 31.50
							R -
10	LIBRARY FEES					R -	R -
10.1	STUDENT (URBAN AREA)		R 27.30	R 30.39	R 31.91	R 33.82	R 35.51
10.2	(RURAL AREA)		R 27.30	R 30.39	R 31.91	R 33.82	R 35.51
10.3	ADULT (URBAN AREA)		R 54.60	R 61.24	R 63.81	R 67.64	R 71.02
10.4	(RURAL AREA)		R 54.60	R 60.77	R 63.81	R 67.64	R 71.02
10.5	DAMAGE FEES (LIBRARY BOOKS)		R 17.85	R 19.86	R 20.86	R 22.11	R 23.22
10.6	PHOTOCOPY		R 1.05	R 1.10	R 1.23	R 1.30	R 1.37
10.7	LATE RETURNS		R 21.00	R 23.37	R 24.54	R 26.01	R 27.31
	LOST BOOK		VALUE OF THE BOOK	VALUE OF THE BOOK	VALUE OF THE BOOK		

11	CEMETERY						
	Grave Plot						
11.1	Adult		R 220.00	R 244.20	R 256.41	R 271.79	R 285.38
11.2	Children		R 120.00	R 133.20	R 139.86	R 148.25	R 155.66
11.3	Grave Digging		R 100.00	R 111.00	R 116.55	R 123.54	R 129.72
11.4	Exhumations		R 1,000.00	R 1,110.00	R 1,165.50	R 1,235.43	R 1,297.20
12	DEVELOPMENT PLANNING TARIFF FEES						
			5.4%		5.0%	6.0%	5.0%
12.1	Application for consent	R 891.00	R 939.11	R 939.11	R 986.07	R 1,045.23	R 1,097.50
12.2	Application for rezoning						
	Application fees						
12.2.1	Erven 0 - 2500 square meters	R 950.40	R 1,001.72	R 1,001.72	R 1,051.81	R 1,114.92	R 1,170.66
12.2.2	Erven 2501 - 5000 square meters	R 1,782.00	R 1,878.23	R 1,878.23	R 1,972.14	R 2,090.47	R 2,194.99
12.2.3	Erven 5001 - 10 000 square meters	R 3,564.00	R 3,756.46	R 3,756.46	R 3,944.28	R 4,180.94	R 4,389.98
12.2.4	Erven 1 ha - 5 ha	R 4,752.00	R 5,008.61	R 5,008.61	R 5,259.04	R 5,574.58	R 5,853.31
12.2.5	Erven over 5 ha	R 5,940.00	R 6,260.76	R 6,260.76	R 6,573.80	R 6,968.23	R 7,316.64
12.2.6	Advertising fees	R 1,188.00	R 1,252.15	R 1,252.15	R 1,314.76	R 1,393.65	R 1,463.33
12.3	Application for departure from building lines & spaza shop applic fees						

12.3.1	Erven smaller than 500m	R 97.50	R 102.77	R 102.77	R 107.90	R 114.38	R 120.10
12.3.2	Erven 500m - 750m	R 189.00	R 199.21	R 199.21	R 209.17	R 221.72	R 232.80
12.3.4	Erven larger than 750m	R 378.00	R 398.41	R 398.41	R 418.33	R 443.43	R 465.60
12.3.5	Departures other than building lines and spaza shops	R 891.00	R 939.11	R 939.11	R 986.07	R 1,045.23	R 1,097.50
12.4	Application for subdivision - application fees						
12.4.1	Basic fee	R 648.00	R 682.99	R 682.99	R 717.14	R 760.17	R 798.18
12.4.2	Charge per subdivision (Remainder considered a subdivision)	R 59.40	R 62.61	R 62.61	R 65.74	R 69.68	R 73.17
12.5	Application for removal of restriction						
12.5.1	Advertisement fees	R 4,158.00	R 4,382.53	R 4,382.53	R 4,601.66	R 4,877.76	R 5,121.65
12.6	SALE OR LEASE OF LAND						
12.6.1	Application fees (Refundable Deposit)	R 653.40	R 688.68	R 688.68	R 723.12	R 766.50	R 804.83
12.6.2	Advertising fee (Recoverable cost against Survey and Advertising)	R 4,104.00	R 4,325.62	R 4,325.62	R 4,541.90	R 4,814.41	R 5,055.13
12.7	Zoning Certificate	R 27.00	R 28.46	R 28.46	R 29.88	R 31.67	R 33.26
12.8	Extension of Time	R 145.80	R 153.67	R 153.67	R 161.36	R 171.04	R 179.59
12.9	Amendments to existing subdivisions	R 653.40	R 688.68	R 688.68	R 723.12	R 766.50	R 804.83
12.10'	Town Planning Scheme Document	R 356.40	R 375.65	R 375.65	R 394.43	R 418.09	R 439.00

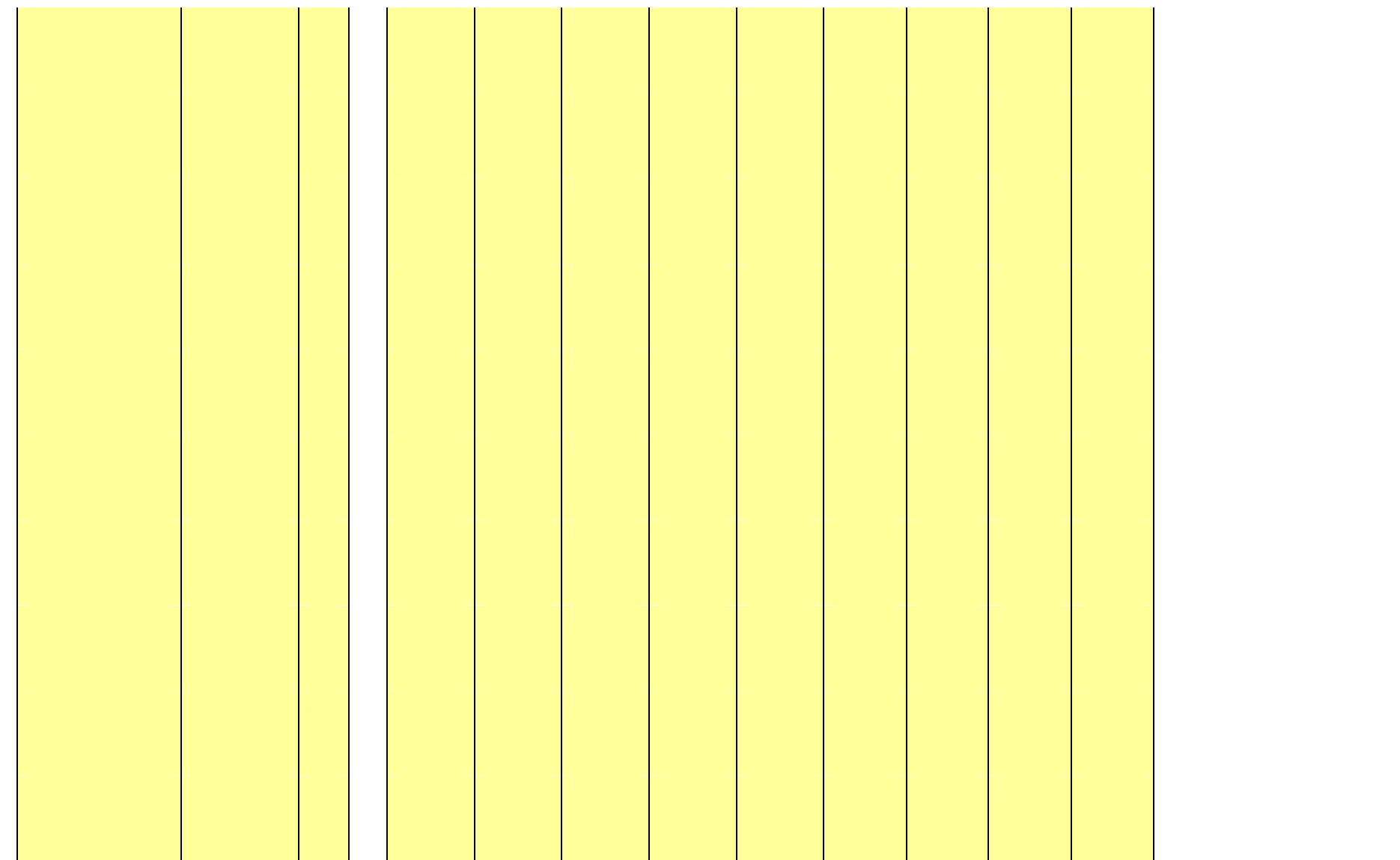
13	Tenders						
	R200 001 - R500 000	R 100.00	R 100.00	R 100.00	R 100.00	R 100.00	R 100.00
	R500 000 – above	R 200.00	R 200.00	R 200.00	R 200.00	R 250.00	R 250.00

Tariffs have increase by 6% for 2012-13 and 5% 2013-14 financial years.

ALIGNMENT OF IDP AND BUDGET

EC121 Mbhashe – Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	G o a l C o d e	R e f	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcom e	Audited Outcom e	Audited Outcom e	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
To improve revenue collection rate to 40% of total revenue by June 2017	By implementation of credit control and debt collection policy By implementation of revenue enhancement strategy			11,139	11,252	17,883	19,590		19,590	20,264	21,319	21,487



Allocations to other priorities											
Total Expenditure			1	-	-	-	-	-	-	-	-

Budgeted operating expenditure is linked to IDP strategies and objectives.

EC121 Mbhashe – Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
To construct 200km of access roads by 2017		A										
		B										
		C										
		D		19,241	23,438	31,017	32,809		32,809	39,800	41,984	44,411

[illegible]

		O									
		P									
Allocations to other priorities	3										
Total Capital Expenditure	1		19,241	23,438	41,017	53,489	-	53,489	54,800	59,984	64,411

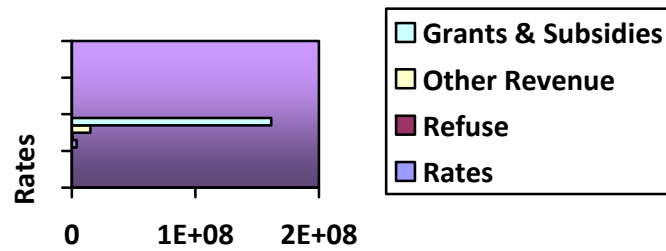
Capital budget is linked to IDP strategies and objectives.

Key amendments to the integrated development plan

The strategy for maize production has been amended the municipality is planning to move away from supporting farmers with providing fertilizer and seed of maize, the municipality has entered into a partnership with ASGISA and there is a budget set aside for this partnership with ASGISA. The municipality will develop a strategy for the development co-operatives. The municipality is planning to develop a Human Resource plan which was never developed before.

Financial and service delivery implication

Mbhashe Local Municipality is dependent on grants the municipality cannot finance its services from own revenue, the revenue from own revenue sources is at 10% and Grants & subsidies at 90%. The municipality is very rural and one of the towns is declared as very poor town in South Africa as a whole. The municipality have limited funding which makes it difficult to deliver the services to all communities in time.



This chart shows how the municipality is depending on grants.